

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION**

SHI INTERNATIONAL CORP.,

Plaintiff,

v.

SECURUS TECHNOLOGIES, LLC,

Defendant.

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Cause No. 4:23-CV-200-SDJ

JURY TRIAL DEMANDED

PLAINTIFF’S FIRST AMENDED COMPLAINT

Plaintiff SHI International Corporation (“SHI”) files this First Amended Complaint against Defendant Securus Technologies, LLC (“Securus”).

I. INTRODUCTION

1. SHI provided materials and services to assist Securus in numerous projects installing telecommunications media in various correctional facilities nationwide. Some of the agreements between Securus and SHI pertain to implementing a program for the Texas Department of Criminal Justice (“TDCJ”) under which Securus and TDCJ will issue eligible inmates tablets with access to news, books, educational courses, and other media (“TDCJ Project”). The remaining agreements between SHI and Securus pertain to various other projects across the country as well as equipment and materials purchased from SHI by Securus on an ad hoc basis.

2. Securus abruptly terminated all its contracts with SHI pertaining to the TDCJ Project on February 6, 2023. On February 15, 2023, Securus declared that it would not pay SHI money owed under *any* outstanding invoice. Securus’s refusal to pay SHI is a breach of the various agreements between the parties, and Securus is currently in default under the invoices in the amount of approximately \$26,000,000.00.

II. PARTIES

3. SHI is a domestic corporation incorporated in New Jersey and has its principal place of business in Somerset, New Jersey. It is a technology company that helps its clients select, deploy, and manage IT solutions, including network and data storage equipment, telecommunications, hardware, software, cloud-based applications and services, and cyber-security services.

4. Securus is a domestic limited liability company. Securus's sole member is Aventiv Technologies, LLC ("Aventiv"). Aventiv is a domestic limited liability company whose sole member is SCRS Acquisition Corp. ("SCRS"). SCRS is a domestic corporation incorporated in Delaware and has its principal place of business in California. So, for purposes of diversity jurisdiction, Securus is a citizen of Delaware and California. Securus provides telephone, messaging, and video conferencing services to its clients, including but not limited to TDCJ. Securus can be served with process by service on its registered agent, CT Corporation System, 1999 Bryan St., Suite 900, Dallas, Texas 75201.

III. JURISDICTION AND VENUE

5. This Court has subject-matter jurisdiction over this suit under 28 U.S.C. § 1332(a) because it involves parties who are citizens of different states and an amount in controversy in excess of \$75,000.

6. Venue is proper in this district and division pursuant to 28 U.S.C. § 1391(b)(1). Securus's principal place of business is located at 4000 International Parkway, Carrollton, Denton County, Texas 75007.

IV. FACTUAL ALLEGATIONS

A. The TDCJ Project

7. In January 2021, Securus entered a contract with TDCJ (the “TDCJ Contract”) under which Securus would install, operate, and maintain “a tablet solution” for inmates. The tablets would provide services such as “music, books, movies, and education resources for eligible inmates.”

8. In 2021 and 2022, Securus engaged SHI by executing a series of thirteen Statements of Work (“SOW”) to support Securus on the TDCJ Project (“TDCJ SOWs”) by providing and installing cabling, access points, fiber optics, electrical outlets, network racks, and network equipment, and completing trenching and electrical work. Securus further engaged SHI by executing an SOW under which SHI would provide Securus Conex Storage Pods within Texas to aid in the TDCJ Project. For purposes of this Complaint, the Conex SOW is included as part of the TDCJ SOWs. Each SOW provides project details for discrete projects that comprise the TDCJ Project. Under each SOW, estimates to complete the work were provided. These estimates were based on limited information provided by Securus prior to beginning the project, such as a brief walkthrough, total square footage of the facility, and estimated number of wireless access points. The SOWs expressly stated that the “not to exceed” cost estimates stated in them were not guaranteed, and that the estimate could be amended via the Change Control Process explained in the SOW.

9. Each SOW includes a Change Control Process, which “govern[s] changes to the scope of the Project during the life of the Project.” The Change Control Process requires “a written ‘Change Request’” to communicate “any desired change to the project,” “describ[ing] the proposed change; the reason for the change and the effect the change may have on the Project.”

Each party must sign the approval portion of a Change Request to effect a change to the SOW. The Change Request under the Change Control Process is the vehicle to implement any change to the Project's "scope, schedule or price."

10. During the life of the SOWs comprising the TDCJ Project, each underwent the Change Control Process affecting their scope and estimate between three to five times. For example, the SOW for TDCJ Region 5 Cabling was subject to five Change Requests. In the most recent of these Change Requests, executed October 26, 2022, SHI and Securus approved expansion of labor and scope to include overtime and work outside the standard maintenance window, agreed to modify the budget of the existing SOW to "bill as actuals," and allowed the project billing to exceed the "not to exceed" amount noted in Section 11 of the SOW. This particular Change Request, like at least five others within TDCJ Project effected that same month, was approved on behalf of Securus by David Brennan. Each Change Request approved by Brennan modified the budget of the respective SOWs to "bill as actuals" and allowed the project to exceed the "not to exceed" amount. In August 2022, Brennan was designated by Securus as the proper person to approve Change Requests on behalf of Securus.

B. Other Work for and Materials Provided to Securus

11. Also in 2021 and 2022, SHI and Securus entered 19 other SOWs to provide work and materials for other projects throughout the United States. Additionally, Securus often purchased materials and equipment from SHI outside the SOWs. When Securus required materials and equipment, SHI provided Securus a quote for the items needed. SHI's quotes expressly provide that any items sold thereunder are sold "in accordance with the SHI Online Customer Resale Terms and Conditions." To accept SHI's quote, Securus submitted a purchase order ("PO") for the

materials and equipment contemplated by the quote. During the parties' relationship, Securus submitted a number of POs to SHI agreeing to buy materials and equipment for a certain price.

C. Securus's Breach

12. In September 2022, SHI communicated to Securus that it would not enter any new SOWs with Securus and, following completion of any outstanding SOWs, the parties' relationship would terminate. However, SHI agreed to finish and continued working on all outstanding contracted work.

13. On February 6, 2023, Securus terminated the TDCJ SOWs effective immediately and directed SHI to cease all work in connection with the TDCJ Project. SHI did so. When Securus terminated the TDCJ SOWs, however, there were no open projects outside the TDCJ Project, and the last few elements of the TDCJ Project were approximately two months from completion.

14. During the life of the SOWs between SHI and Securus and thereafter, SHI invoiced Securus for work completed under the SOWs and for materials and equipment provided under the POs. Under the SOWs, all invoices were required to be paid within a stated period, most frequently, 30 days. SHI's Online Customer Resale Terms and Conditions—the terms underlying the POs—provide that invoices are to be paid within 30 days.

15. As of March 8, 2023, Securus owes SHI approximately \$25,809,837.25 under outstanding invoices. Securus, however, refuses to pay any outstanding invoices issued by SHI.

16. Any conditions precedent to bringing suit have been performed or have occurred.

V. CAUSES OF ACTION

Count 1 – Breach of Contract – TDCJ SOWs and Change Requests

17. SHI incorporates the foregoing paragraphs by reference as if fully alleged herein.

18. Securus and SHI entered a series of written contracts—SOWs and Change Requests—comprising the TDCJ Project. The contracts were executed by persons with authority to bind each party as follows:

Duncan Unit Cabling		
	Securus Executed	SHI Executed
SOW	Matthew Pareti on December 15, 2021	Ryan Huffine on December 22, 2021
Change Request	Jerimy Thompson on March 10, 2022	Gabriela Angel on March 11, 2022
Ector County Site Survey		
	Securus Executed	SHI Executed
SOW	Jared Pereira on May 13, 2021	Ryan Huffine on May 17, 2021
Kegan Unit Cabling		
	Securus Executed	SHI Executed
SOW	Matthew Pareti on October 14, 2021	Ryan Huffine on October 18, 2021
Change Request	Jerimy Thompson on January 13, 2022	Alejandra Angel on January 13, 2022
Lewis Unit Cabling		
	Securus Executed	SHI Executed
SOW	Matthew Pareti on December 15, 2021	Ryan Huffine on December 22, 2021
Change Request	Greg Saxon on August 22, 2022	Lisa Gauger on August 22, 2022
On-site Survey and Installation SOW for TDCJ		
	Securus Executed	SHI Executed
SOW	Greg Saxon on April 1, 2022	Jessica Cole on April 5, 2022
On-site Survey and Installation SOW for TDCJ Region 3		
	Securus Executed	SHI Executed
SOW	Greg Saxon on April 8, 2022	Jessica Cole on April 14, 2022
Polunsky Unit Cabling		
	Securus Executed	SHI Executed
SOW	Michael Pareti on December 15, 2021	Ryan Huffine on December 22, 2021

Change Request 1	Greg Saxon on August 2, 2022	Lisa Gauger on August 16, 2022
Change Request 2	Jerimy Thompson on March 10, 2022	Gabriela Angel on March 10, 2022
Change Request 3	Greg Saxon on November 9, 2022	Lisa Gauger on November 22, 2022
Change Request 4	David Brennan on October 26, 2022	Lisa Gauger on October 26, 2022
Region 2 Cabling		
	Securus Executed	SHI Executed
SOW	Matthew Pareti on December 30, 2021	Ryan Huffine on January 4, 2022
Change Request 1	Approved by Ryan Edwards on August 15, 2022	Approved by Lisa Gauger on August 15, 2022
Change Request 2	Greg Saxon on August 12, 2022	Lisa Gauger on August 22, 2022
Change Request 3	Greg Saxon on August 2, 2022	Lisa Gauger on August 16, 2022
Change Request 4	David Brennan on October 26, 2022	Lisa Gauger on October 26, 2022
Region 3 Cabling		
	Securus Executed	SHI Executed
SOW	Greg Saxon on April 26, 2022	Jessica Cole on May 11, 2022
Change Request 1	Greg Saxon on August 12, 2022	Lisa Gauger on August 22, 2022
Change Request 2	Greg Saxon on August 12, 2022	Lisa Gauger on August 22, 2022
Change Request 3	Greg Saxon on August 2, 2022	Lisa Gauger on August 16, 2022
Change Request 4	Greg Saxon on November 9, 2022	Lisa Gauger November 22, 2022
Change Request 5	David Brennan on October 26, 2022	Lisa Gauger on October 26, 2022
Region 4 Cabling		
	Securus Executed	SHI Executed
SOW	Greg Saxon on April 1, 2022	Jessica Cole on May 11, 2022
Change Request 1	Greg Saxon on August 12, 2022	Lisa Gauger on August 22, 2022
Change Request 2	Greg Saxon on November 9, 2022	Lisa Gauger on November 22, 2022
Change Request 3	David Brennan on October 26, 2022	Lisa Gauger on October 26, 2022

Region 5 Cabling		
	Securus Executed	SHI Executed
SOW	Matthew Pareti on February 15, 2022	Jessica Cole on February 17, 2022
Change Request 1	Greg Saxon on August 12, 2022	Lisa Gauger on August 22, 2022
Change Request 2	Greg Saxon on August 12, 2022	Lisa Gauger on August 22, 2022
Change Request 3	Greg Saxon on August 2, 2022	Lisa Gauger on August 16, 2022
Change Request 4	Greg Saxon on November 9, 2022	Lisa Gauger on November 22, 2022
Change Request 5	David Brennan on October 26, 2022	Lisa Gauger on October 26, 2022
Region 6 Cabling		
	Securus Executed	SHI Executed
SOW	Matthew Pareti on March 24, 2022	Jessica Cole on April 1, 2022
Change Request 1	Greg Saxon on August 12, 2022	Lisa Gauger on August 22, 2022
Change Request 2	Greg Saxon on November 9, 2022	Lisa Gauger on November 22, 2022
Change Request 3	David Brennan on October 26, 2022	Lisa Gauger on October 26, 2022
TDCJ Site Surveys		
	Securus Executed	SHI Executed
SOW	Matthew Pareti on August 31, 2021	Ryan Huffine on September 1, 2021
Conex Box Delivery and Storage		
	Securus Executed	SHI Executed
SOW	Greg Saxon on May 27, 2022	Jessica Cole on June 8, 2022
Change Request	Greg Saxon on August 3, 2022	Lisa Gauger on August 16, 2022

19. Each party's signature to an SOW represents the party's agreement to its terms, including that invoices must be paid. Moreover, Securus's signature authorized SHI to begin the work described in the respective SOW. Each party's signature to a Change Request effects the change contemplated by the request.

20. This collection of agreements provided that SHI would provide Securus specified technological support services for the TDCJ Project, and that Securus would pay SHI for the materials and services rendered.

21. SHI fully performed under the agreements by providing the cable, conduit, access points, outlets, network racks, and other materials, and installation thereof with respect to the TDCJ Project until the date Securus terminated the TDCJ SOWs.

22. Securus breached the SOWs and Change Requests by refusing to pay the outstanding balance owed SHI under the invoices as provided under the SOWs.

23. SHI has suffered damages in the amount of the unpaid invoices. SHI is further entitled to attorneys' fees under Texas Civil Practice and Remedies Code § 38.001.

Count 2 – Breach of Contract – Other SOWs and Change Requests

24. SHI incorporates the foregoing paragraphs by reference as if fully alleged herein.

25. Securus and SHI entered a series of written contracts—SOWs and Change Requests—apart from the TDCJ Project. The contracts were executed by persons with authority to bind each party as follows:

ADC Site Surveys		
	Securus Executed	SHI Executed
SOW	Matthew Pareti on October 5, 2021	Ryan Huffine on October 7, 2021
Bell Forestry Camp Cabling		
	Securus Executed	SHI Executed
SOW	Matthew Pareti on October 14, 2021	Ryan Huffine on October 18, 2021
Change Request	Kevin Brown on January 21, 2022	Alejandra Angel on January 21, 2022
Blackburn Correctional Complex		
	Securus Executed	SHI Executed
SOW	Matthew Pareti on October 14, 2021	Ryan Huffine on October 18, 2021
Change Request	Kevin Brown on January 21, 2022	Alejandra Angel on January 21, 2022

Carson City Site Survey		
	Securus Executed	SHI Executed
SOW	Johnny Hagins on May 8, 2022	Jessica Cole on May 11, 2022
FDC Region 2 Cabling		
	Securus Executed	SHI Executed
SOW	Greg Saxon on April 13, 2022	Jessica Cole on April 27, 2022
FDC Site Surveys		
	Securus Executed	SHI Executed
SOW	Matthew Pareti on January 28, 2022	Jessica Cole on January 31, 2022
GDC Site Surveys		
	Securus Executed	SHI Executed
SOW	Matthew Pareti on March 4, 2022	Jessica Cole on March 8, 2022
Green River Commercial Complex Cabling		
	Securus Executed	SHI Executed
SOW	Matthew Pareti on October 14, 2021	Ryan Huffine on November 1, 2021
Change Request	Kevin Brown on January 21, 2022	Alejandra Angel on January 21, 2022
Little Sandy Site Survey		
	Securus Executed	SHI Executed
SOW	Johnny Hagins on May 8, 2022	Jessica Cole on May 11, 2022
NSX-V to NSX-T Migration (Pre-Production)		
	Securus Executed	SHI Executed
SOW	Melanie Sankaran on December 20, 2022	Jessica Cole on December 21, 2022
NSX-V to NSX-T Migration (Production)		
	Securus Executed	SHI Executed
SOW	Melanie Sankaran on December 20, 2022	Jessica Cole on December 21, 2022
Ross Cash Women's Cabling		
	Securus Executed	SHI Executed
SOW	Matthew Pareti on October 14, 2021	Ryan Huffine on November 1, 2021
Sacramento County Youth Detention Center Cabling		
	Securus Executed	SHI Executed
SOW	Matthew Pareti on March 24, 2022	Jessica Cole on March 28, 2022

Sacramento County Youth Detention Center Offender Phone Replacements		
	Securus Executed	SHI Executed
SOW	Matthew Pareti on March 24, 2022	Jessica Cole on March 28, 2022
Sacramento Main Jail Cabling		
	Securus Executed	SHI Executed
SOW	Matthew Pareti on March 24, 2022	Jessica Cole on March 28, 2022
Sacramento Main Jail Offender & VPM Phone		
	Securus Executed	SHI Executed
SOW	Matthew Pareti on March 24, 2022	Jessica Cole on March 28, 2022
Sacramento Site Surveys		
	Securus Executed	SHI Executed
SOW	Matthew Pareti on September 14, 2021	Ryan Huffine on September 15, 2021
Western KY Correctional Cabling		
	Securus Executed	SHI Executed
SOW	Matthew Pareti on October 14, 2021	Ryan Huffine on November 1, 2021
Change Request	Kevin Brown on January 21, 2022	Alejandra Angel on January 1, 2022
Wireless Network Assessment Statement of Work for Georgia Department of Corrections		
	Securus Executed	SHI Executed
SOW	Greg Richey on March 29, 2022	Jessica Cole on April 1, 2022

26. Each party's signature to an SOW represents the party's agreement to its terms, including that invoices must be paid. Moreover, Securus's signature authorized SHI to begin the work described in the respective SOW. Each party's signature to a Change Request effects the change contemplated by the request.

27. This collection of agreements provided that SHI would provide Securus specified technological support services for the projects covered by the SOWs, and that Securus would pay SHI for the materials and services rendered.

28. SHI fully performed under the agreements by providing the cable, conduit, access points, outlets, network racks, and other materials, and installation thereof with respect to the these projects.

29. Securus breached the SOWs and Change Requests by refusing to pay the outstanding balance owed SHI under the invoices as provided under the SOWs.

30. SHI has suffered damages in the amount of the unpaid invoices. SHI is further entitled to attorneys' fees under Texas Civil Practice and Remedies Code § 38.001.

Count 3 – Breach of Contract – Quotes and POs

31. SHI incorporates the foregoing paragraphs by reference as if fully alleged herein.

32. Securus and SHI entered a series of written contracts—quotes and POs.

33. Securus's submission of the various POs to SHI represents its agreement to the terms of the quotes offered by SHI and the terms of the POs themselves, including that the items purchased are purchased in accordance with SHI's Online Resale Customer Terms and Conditions.

34. This collection of agreements provided that SHI would provide Securus materials and equipment and Securus would pay for those items.

35. SHI fully performed under the agreements by providing the various materials and equipment contemplated by the POs.

36. SHI has issued invoices to Securus for items sold under the POs.

37. Securus breached the POs by refusing to pay the outstanding balanced owed SHI under the invoices issued.

38. SHI has suffered damages in the amount of the unpaid invoices. SHI is further entitled to attorneys' fees under Texas Civil Practice and Remedies Code § 38.001.

VI. JURY TRIAL

39. SHI demands a trial by jury on its breach of contract claims.

VII. PRAYER

40. SHI respectfully requests judgment against Securus for the following:
- a. \$25,809,837.25 for damages resulting from Securus's breaches;
 - b. Pre-judgment and post-judgment interest;
 - c. Attorneys' fees;
 - d. Costs of suit; and
 - e. All other relief the Court deems appropriate.

Dated: March 20, 2023

Respectfully submitted,

MUNSCH HARDT KOPF & HARR, P.C.

By: /s/ Jamil N. Alibhai

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